



OIA26-0278

5 May 2026

Josiah Spackman
[REDACTED]

Dear Josiah,

Thank you for your email of 5 April 2026 requesting information relating to Sustainable Food and Fibre Futures (SFF) initiative. Your request has been considered under the Official Information Act 1982 (OIA).

1. The Infrastructure bait-and-switch

The original business case was predicated on a 2,000sqm high-tech glasshouse to ensure pharmaceutical consistency. Following a failed funding application, the program "pivoted" to a mid-tech plastic tunnel house. The MTR admits this setup restricts production to one crop per year (down from three) and carries "greater risk of disease and microbial loading", which is a key concern for pharmaceutical cultivators and of international regulatory compliance.

- Question: *How does MPI justify the continued full funding of a program that has fundamentally downgraded its core technology to a system with "unknown" economic viability and self-admitted greater risk of disease and microbial loading?*

The continued Ministry for Primary Industries (MPI) funding of the programme remains aligned with its original investment objectives and outcomes. A range of alternative systems have been assessed, and the programme is progressing an option that has been subject to consideration of its potential technical and commercial viability.

2. Persistent Financial Underspending

By December 2025 (Year 4, Q3), the programme reported a total year-to-date investment of \$4,195,205 against an Annual Plan of \$6,990,715. This represents a significant - \$2,795,510 underspend.

- Question: *Given this massive failure to meet investment targets, what justifies the requested 3-year extension to the program timeline?*

The programme was approved for a two-year extension, consistent with the recommendations of an independent mid-term review. The extension recognises delays arising from a complex regulatory environment outside the programme's control and provides additional time to deliver its objectives and outcomes. Investment to date reflects the proportionate level of activities completed and indicates a deliberate and prudent approach to managing programme funding.

- Question: *The Mid-Term Review recommended a PGG self-assessment to improve oversight and accountability. Does the Ministry intend to conduct an immediate internal performance audit of this partnership, or should this matter be referred to the Office of the Auditor-General to independently validate the continued "Value for Money" of the Crown's \$13.1 million investment??*

The mid-term review recommended that the Programme Governance Group undertake a self-assessment exercise, it also concluded that the governance structure is functioning effectively. The review noted that governance operates with a broad perspective, considering not only programme delivery but also factors that may hinder or enhance overall success and identified a high level of transparency and trust. The review did not anticipate material gains from the self-assessment beyond reinforcing good-practice assurance.

Please note that the programme has undergone a full external financial audit, an independent mid-term review and will be subject to a final independent evaluation upon completion.

3. The Infinite Draft of the Industry Handbook

In July 2022, the Organic Production Handbook was in the "outline" stage. By December 2025, it is only just moving into a "design phase" to explore "presentation modalities". The MTR now suggests creating two versions: one public and one confidential for Puro's exclusive use.

- Question: *Why has a primary industry-facing deliverable taken nearly four years to reach the design stage?*

The timing of the handbook has been adjusted in line with the programme extension to ensure it reflects the most current, accurate, and relevant information as the programme matures.

- Question: *Given the \$13M public investment (with over \$8M alone budgeted for this workstream), why should any portion of this "Playbook" remain proprietary to a private entity?*

MPI's \$13 million contribution represents approximately 40 percent of the total programme budget of \$32 million, with the remaining 60 percent (\$19 million) co-funded by Puro through private investment. In this context, the development of a confidential version for Puro appropriately reflects the balance of public and private investment, while managing commercial sensitivities and aligning with the respective benefits derived by each party.

4. Failure of Social ROI and Job Creation

The original "Outcome Logic Model" promised 200 FTEs by 2026. The "Employment Skills Roadmap" was eliminated during a restructure, and as of late 2024, only one cadet had been hired.

- Question: *Given the original SFFF investment was predicated on the creation of 200 high-value jobs by 2026, what metrics is MPI now using to evaluate the "success" of this workstream, and how does the employment of a single cadet constitute a satisfactory return on public investment?*

The target to create 200 high-value jobs remains, however, the timeline for achievement has been delayed, this reflects the pace of industry development. Please note that this is a measure in overall industry employment and should not be conflated with the cadetship programme.

The cadetship programme represents a deliberate investment in developing foundational capability for the future workforce, particularly for iwi partners. It provides structured, practical experience across cultivation, processing, and business management. The programme has supported multiple cadets and is focused on creating a pipeline of industry professionals to support future industry development.

- Question: *Given the Mid-Term Review shows the forecast budget increased from the original \$100,000 to \$208,817, how is this 100%+ budget increase for this workstream*

justified, and where are the promised 200 FTE jobs for the Marlborough and Kaikōura regions

The increase in this budget reflects the shift from the modest amount allocated for development of an employment roadmap only, to an active cadetship programme that contributes to the cadet's direct employment.

5. Funding of High-Risk Regulatory Workstreams

The MTR identifies a "low to moderate" likelihood of success for the Organic Manufacturing Roadmap due to the suggestion of a regulatory requirement for irradiation in pharmaceutical products, which is misguided as no such requirement exists.

- Question: *After several years of identified failure in this area, will MPI commit to ceasing the funding of workstreams that do not demonstrate a moderate-to-high probability of commercial success?*

The Programme Governance Group continues to actively monitor defined Stop/Go decision points in relation to continued investment. This has resulted in decisions either to proceed with activities, or to discontinue, at the appropriate stages.

6. Diverting Funds to Market Research

The latest reports show a pivot: initiating RFPs for "top tier market research firms" to develop branding.

- Question: *Is public money being diverted into branding because the programme is failing to build promised physical infrastructure?*

In line with the independent mid-term review, the programme has allocated funding to market access activities within its approved scope. These activities are intended to support demand development and complement longer-term domestic supply chain and infrastructure investments, rather than replacing them.

7. Delayed Contract Grower Model

The "Contract Grower Model" (intended to help NZ farmers diversify) is still only in the "Heads of Agreement" and "financial modelling" stage in Year 4.

- Question: *If the business model and contract grower framework were described as "proven" in the original logic model, why is the programme only now initiating financial modelling after four years?*

Financial modelling is undertaken once it can be informed by the specific commercial variables of individual contract grower partners and the timing reflects when those partner-specific inputs become available.

8. Introduction and Stagnation of Living Soil Organics (LSO)

The specific methodology of "Living Soil Organics" (LSO) was not mentioned in any progress report until March 2024, nearly two years into the program. It appears the methodology was "grandfathered" into the project to justify ongoing R&D spending after initial soil trials were completed. Despite this late-stage introduction, LSO research remains trapped in repetitive trials, and is still focused only on the seedling growth phase as of December 2025.

- Question: *Why was an entirely new, R&D-intensive soil methodology introduced two years into the project?*

This is in-line with the programme objectives and was introduced as part of the indoor growing environment.

- Question: *What is the technical justification for continuing to fund a workstream that has failed to progress beyond seedling-phase testing after nearly two years of dedicated investment?*

- Question: *At what point does MPI determine that this workstream is a misappropriation of funds for a technique that is not delivering commercial-scale results?*

9. Post-Harvest Automation Barriers

The MTR rates the likelihood of meeting automation objectives as "moderate" due to "financial and technical barriers".

- Question: *Aside from the overarching concern of when "enough is enough", at what point will MPI cease funding "exploratory" research into post-harvest automation that was a core Day 1 requirement but remains stalled by "technical barriers" four years into the programme?*

10. Abandoned Waste Stream Utility

The MTR rates waste stream utilization as "moderate to low" likelihood due to equipment costs.

- Question: *Given the "moderate to low" likelihood of achieving waste utilisation goals and the prohibitive cost of required equipment, will MPI commit to de-funding this workstream immediately?*

As advised above, the Programme Governance Group continues to actively monitor defined Stop/Go decision points in relation to continued investment. This has resulted in decisions either to proceed with activities, or to discontinue, at the appropriate stages.

11. The "Global Leadership" vs. Australian Strategy

The program was sold as a "global leadership" initiative to build a high-value manufacturing industry within New Zealand. However, the strategy has now pivoted to securing market position in Australia. While Puro claims this shift is due to New Zealand's "complex regulatory landscape", the company is currently looking to established partners like Heyday in Victoria, Australia, to facilitate market entry.

- Question: *If the goal was to build a high-value NZ-based industry, why is the strategy now pivoted toward the use of Australian-based GMP manufacturers and market access as opposed to domestic?*

Decisions relating to manufacturing and market access are commercially sensitive. The programme works with both domestic and international manufacturers where appropriate to support technical delivery and commercial viability. MPI has statutory obligations to protect private and commercial information we hold. Accordingly, this part of your request is declined under section 9(2)(b)(ii) of the OIA, *to protect information that would be likely to prejudice the commercial position of the person/organisation who supplied or who is the subject of the information.*

In accordance with section 9(1) of the OIA, we have considered countervailing public interest relating to the release of the information, including transparency. We are satisfied in this case that public interest considerations do not outweigh the withholding reasons outlined above.

Further information related to the SFF Futures project is publicly available and can be found here: <https://www.mpi.govt.nz/funding-rural-support/sustainable-food-fibre-futures/primary-sector-investment-projects?FundName=&Keywords=Puro&Status=All&Sector=&FundingFrom=&FundingTo=>

This includes a project overview, financial information, and quarterly reports on progress of the project.

Should you have any concerns with this response, I would encourage you to raise these with the Ministry for Primary Industries at Official.InformationAct@mpi.govt.nz. Alternatively, you are advised of your right to also raise any concerns with the Office of the Ombudsman. Contact details are: Office of the Ombudsman, PO Box 10152, Wellington 6143 or at info@ombudsman.parliament.nz.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Sh' followed by a long horizontal stroke.

Steve Penno
Director Investment Programmes & Ops